

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/29):**

**BUTTER:** Grade AA closed at \$1.0550. The weekly average for Grade AA is \$1.0675(+.0442).

**CHEESE:** Barrels closed at \$1.2300 and blocks at \$1.2600. The weekly average for barrels is \$1.2380 (-.0325) and blocks, \$1.2635 (-.0205).

**NONFAT DRY MILK:** Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

**BUTTER:** The market tone remains unsettled. This week at the CME, butter prices again trended lower after jumping so sharply on October 22. Contacts are confused by such a large price increase when most market indicators point to continued price weakness. Churning activity is increasing in most sections of the country. Cream volumes are available and reports indicate that some butter makers are more aggressively looking for cream to churn. Demand for bulk is slow to fair, but most buyers are trying to keep their inventories as current as possible. Print orders are improving as retailers prepare for Thanksgiving and year end holiday features.

**CHEESE:** The cheese market is unsettled to weak. A few traders continue to expect cheese prices could eventually approach price support levels once holiday needs are covered. Natural movement is steady to improved, but often still not clearing all current offerings. Process movement is slow to moderate, typically slowest from retail channels. Cheese production remains strong seasonally. Cheese yields are increasing as fat and protein tests increase seasonally.

**FLUID MILK:** Class I use is fairly steady. Some early production runs of seasonal products such as egg nog are occurring. Milk intakes are increasing through much of the country though in the upper Midwest receipts are about steady. Manufacturing schedules remain seasonally heavy through most of the country. The California Department of Food and Agriculture (CDFA) had announced on October 21 that the Class 1 base price would be reduced and Class 1 prices would be calculated and announced monthly beginning November 1. On October 26, the Milk Producers Council of

California filed a lawsuit in a California Court seeking to stay the order by the CDFA. The judge granted the stay on October 26 and scheduled a hearing on December 10.

**DRY PRODUCTS:** Overall manufacturing is seasonally active throughout most of the country. Some additional volumes of milk have been shifted from cheese/whey production over to butter/powder. Interest in NDM for holiday baking needs is increasing seasonally. The whey market is weak in the East and Central areas and steady in the West. Exports are aiding in clearing some supplies. Supplies are in balance to heavy. Buttermilk prices are steady to lower as churning increases in some areas.

**CCC:** During the week of October 25 - 29, net purchases after cancellations totaled a negative 12,972 pounds of NDM from Western sources. This is the first negative purchase week in 1999 with 3 weeks of no purchases during January.

**AGRICULTURE BILL SIGNED:** On October 22, President Clinton signed the \$69 billion Agricultural Appropriation Bill. Among other parts, the bill extends the dairy price support program at its current level of \$9.90 per cwt. through the year 2000. This price support extension replaces the Dairy Recourse Loan Program that was scheduled to become effective on January 1, 2000. Also included is a \$125 million subsidy for dairy producers.

**CONSUMER PRICE INDEX (BLS):** The September Consumer Price Index (CPI) for all food is 164.6, up 2.2% from September 1998. The dairy products index at 158.7, is 3.8% more than a year ago. The September to September changes in selected dairy products are: fresh whole milk up 1.3%, cheese 6.8% higher, and butter down 17.9%.

**COMMERCIAL DISAPPEARANCE (ERS & AMS):** Commercial disappearance of dairy products during the first 8 months of 1999 totals 108.2 billion pounds, 1.7% more than the comparable period in 1998. Comparing disappearance levels with a year ago: butter, American and other cheese, and fluid products are higher though nonfat dry milk is lower.

**\*\*\*\*SPECIALS THIS ISSUE\*\*\*\***

BUTTER, CHEESE, & BFP FUTURES (PAGE 7)  
INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)  
CONSUMER PRICE INDEX (PAGE 9)

COMMERCIAL DISAPPEARANCE (PAGE 9)  
DAIRY GRAPHS (PAGE 10)  
CCC CHEESE PURCHASE (PAGE 11)

**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY OCTOBER 25	TUESDAY OCTOBER 26	WEDNESDAY OCTOBER 27	THURSDAY OCTOBER 28	FRIDAY OCTOBER 29	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2550 (-.0075)	\$1.2450 (-.0100)	\$1.2300 (-.0150)	\$1.2300 (N.C.)	\$1.2300 (N.C.)	-.0325	\$1.2380 (-.0325)
40# BLOCKS	\$1.2700 (N.C.)	\$1.2675 (-.0025)	\$1.2600 (-.0075)	\$1.2600 (N.C.)	\$1.2600 (N.C.)	-.0100	\$1.2635 (-.0205)
NONFAT DRY MILK EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER GRADE AA	\$1.0825 (-.0125)	-----	\$1.0650 (-.0175)	-----	\$1.0550 (-.0100)	-.0400	\$1.0675 (+.0442)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM)

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, OCTOBER 25, 1999

CHEESE — SALES: 1 CAR BARRELS @ \$1.2550; 7 CARS 40# BLOCKS: 1 @ \$1.2650, 1 @ \$1.2675, 5 @ \$1.2700; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.2625; 5 CARS 40# BLOCKS @ \$1.2700  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.0825; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS GRADE AA: 2 @ \$1.0850, 1 @ \$1.0950, 3 @ \$1.1050

TUESDAY, OCTOBER 26, 1999

CHEESE — SALES: 2 CARS BARRELS @ \$1.2525; 4 CARS 40# BLOCKS @ \$1.2675; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1500; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.2450, 2 @ \$1.2550; 4 CARS 40# BLOCKS: 1 @ \$1.2675, 3 @ \$1.2700  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 27, 1999

CHEESE — SALES: 1 CAR BARRELS @ \$1.2300; 9 CARS 40# BLOCKS: 7 @ \$1.2650, 2 @ \$1.2625; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 7 CARS BARRELS: 2 @ \$1.2300, 5 @ \$1.2450; 5 CARS 40# BLOCKS: 1 @ \$1.2600, 2 @ \$1.2625, 2 @ \$1.2675  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: 19 CARS GRADE AA: 1 @ \$1.0700, 1 @ \$1.0450, 1 @ \$1.0425, 1 @ \$1.0400, 1 @ \$1.0375, 1 @ \$1.0425, 2 @ \$1.0450, 1 @ \$1.0475, 4 @ \$1.0450, 1 @ \$1.0525, 1 @ \$1.0600, 1 @ \$1.0625, 1 @ \$1.0725, 1 @ \$1.0700, 1 @ \$1.0650; BIDS UNFILLED: 1 CAR GRADE AA @ \$0.8000; OFFERS UNCOVERED: 20 CARS GRADE AA: 4 @ \$1.0700, 1 @ \$1.0800, 2 @ \$1.0825, 1 @ \$1.0900, 2 @ \$1.0925, 1 @ \$1.1025, 2 @ \$1.1100, 1 @ \$1.1125, 2 @ \$1.1200, 4 @ \$1.1300

THURSDAY, OCTOBER 28, 1999

CHEESE — SALES: 4 CARS 40# BLOCKS: 1 @ \$1.2600, 1 @ \$1.2650, 1 @ \$1.2600, 1 @ \$1.2625; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS @ \$1.2300; 1 CAR 40# BLOCKS @ \$1.2600  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 29, 1999

CHEESE — SALES: 2 CARS BARRELS @ \$1.2300; 3 CARS 40# BLOCKS: 2 @ \$1.2750, 1 @ \$1.2600; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS @ \$1.2300  
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.0000; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.0550, 1 @ \$1.1500

**BUTTER MARKETS****NORTHEAST**

The market tone is unsettled. At the CME on October 22, butter prices jumped twelve cents after dropping over 10 cents in the two previous sessions. Contacts expect little price strength in coming months despite the traditionally good retail sales at this time of year. There is so much butter in storage plus increasing churning activity that efforts to move prices higher are short lived and any additional demand is easily filled. Most users, with inventories, are trying to use up current, high-priced stocks before making new purchases. Markets are very nervous as many accumulated their stocks at prices well above current levels. Fresh butter stocks are more than adequate and, if local stocks are tight, it is easily shipped in from other regions. Retail butter sales are just fair as prices have not adjusted lower. Food service orders are steady.

**CENTRAL**

The butter market tone is unsettled. Prices at the CME, after falling all but one trading session since September 15, jumped 12 cents on Friday, October 22. The size of the jump surprised many butter contacts more than the jump itself. Central States butter makers are aggressively looking for more cream this week as they put up more prints for anticipated needs. Some microfixing is also taking place. Butter supplies are more than ample for current needs and fresh butter

is more readily available than several weeks ago. Retail sales are slow to fair as prices, as a rule, have not reflected the price declines recorded at the CME during the past month and a half. Food service orders are steady.

**WEST**

Butter sales are improving seasonally as buyers stock up for holiday needs. Most contacts feel that this will be a strong sales season because of lower prices and a strong economy. Cream offerings remain heavy, but they are clearing somewhat more easily. Churning operations are more willing to take cream this week. Many contacts are questioning whether butter prices will rebound much this fall with production and stocks as heavy as they are. Production is heavy in the region.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCK-LOAD QUANTITIES.

\*\*\*DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.\*\*\*

**NASS DAIRY PRODUCT PRICES**  
 U.S. AVERAGE AND TOTAL POUNDS

<u>WEEK ENDING</u>	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
OCTOBER 23	1.3518 4,280,212	1.2530 9,992,034	1.0199 18,083,697	1.0335 4,214,048	0.1931 5,572,082

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

At the CME last week, prices were unchanged to lower each trading session, but the weekly average was up from the previous week. This was the first weekly average increase since mid August. The market tone is weak as buyers still expect lower prices. Production levels are up as more surplus milk is available at many Northeastern cheese plants. Cheddar stocks are adequate for the slow to fair demand. Mozzarella sales are holding up quite well and supplies are pretty well balanced with orders. Demand is slow to fair as most buyers are purchasing for immediate/weekly needs. Retail and food service orders are steady.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3000-1.7900
Cheddar Single Daisies	:	1.2800-1.7400
Cheddar 40# Block	:	1.4250-1.6025
Process 5# Loaf	:	1.4825-1.6425
Process 5# Sliced	:	1.5025-1.7350
Muenster	:	1.4825-1.7850
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

## MIDWEST

The cheese market is unsettled to weak. Cash prices continue to move irregularly, though mostly slightly lower at the CME cash market. Unseasonably heavy milk intakes and cheese production continue to provide more product than the market can readily absorb. Many buyers are reentering the market at current price levels since the big declines appear over and the holiday season is close at hand. Current cheese movement is fairly good to occasionally very good on many natural varieties. Current preferred source cheddar for aging programs remains tight. Process interest is irregular, best from food service and holiday gift packagers. Retail process sales are generally slow to fair. Mozzarella interest is mixed, from just fair to good. Sharp declines in cheese prices are a financial concern to plant operators when milk checks get sent out.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4500-1.8800
Brick And/Or Muenster 5#	:	1.8300-1.8425
Cheddar 40# Block	:	1.6425-2.1150
Monterey Jack 10#	:	1.8325-2.1150
Blue 5#	:	1.9775-2.4100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7125-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.5500-2.6850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	OCTOBER 25 - 29, 1999
BARRELS*	:	\$1.2300 - 1.2800 (NOMINAL)
	:	(-\$0.0100) (.0075)
40# BLOCKS	:	\$1.2500 - 1.3150 (NOMINAL)
	:	(-\$0.0075) (.0200)

( ) Change from previous week. \* If steel, barrel returned.

## WEST

Cheese prices for natural and process rebounded slightly this week, but most contacts believe the turn around will be short lived. With the current market situation, many buyers are content to buy a load at a time as their stock level dictates. They see little incentive in making any purchases ahead at this time. Stocks are building at more locations with offerings increasing. Current offerings are clearing reasonably well, but the medium aged stocks are not moving well at all. The U.S. cold storage report notes that cheese stocks are down sharply over the last two months, but they remain substantially ahead of last year. Swiss stocks at the end of September are down 18% from last year. Mozzarella demand remains strong, but offerings may be somewhat heavier.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4250-1.6850
Cheddar 40# Block	:	1.4025-1.5425
Cheddar 10# Cuts	:	1.5825-1.8025
Monterey Jack 10#	:	1.5925-1.7625
Grade A Swiss Cuts 6 - 9#	:	2.3800-2.5100

## FOREIGN

Domestic prices, for the first time since August, increased from the previous week. The market tone is firming slightly along seasonal patterns. Supplies of imported cheese range from tight to adequate and domestically made styles are fully adequate. Roquefort cheese stocks are tight and demand is improving.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.6375-2.2475*
Gorgonzola	3.2400-5.9400	2.1875-2.4900*
Parmesan (Italy)	TFEWR	3.0475-3.0725*
Provolone (Italy)	3.4400-5.5000	1.6475-1.9225*
Romano (Cows Milk)	-0-	2.8175-5.0325*
Sardo Romano (Argentina)	2.6500-3.2900	-0-
Reggianito (Argentina)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7400-3.1200	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam	:	:
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.0900	-0-
Gouda, Large	2.3900-3.1500	-0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	27.8000-31.7000	-0-

\* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

## BUTTER : CHEESE

	:	
10/25/99	18,393	: 125,819
10/01/99	21,688	: 128,673
CHANGE	-3,295	: -2,854
% CHANGE	-15	: -2

## FLUID MILK AND CREAM

## E A S T

Milk production is steady at or near the low point of the annual cycle in the northernmost areas of the region. Typically, milk output in the "North Country" hits its low point sometime in November. Milk output in the Middle Atlantic and Southeastern areas is coming up along seasonal patterns. Florida's milk flow is increasing as the weather is cooler and the state is drying out from the steady diet of hurricanes during September and October. Florida handlers have scheduled to import 175 loads of milk this week. This compares to 167 loads last week and 129 loads a year ago. Handlers in other Southeastern states are bringing in only 28 loads of milk this week. In addition, 84 loads of northern milk pooled under a Southern order were also shipped in. This week's total compares to 35 loads last week and 85-90 loads last year. Bottled milk sales range from slower to improved as bottlers adjust schedules. Most contacts expect bottlers to increase operations for the typical first of the month jump in retail milk sales. Surplus milk volumes are little changed from last week. The condensed skim market is mixed, generally slow. However, distressed prices are no longer reported and the lower end of the Class II price range is increased at the same time that the high end moves lower. Class III prices are often lower and nominal. A few spot loads of Class III condensed were noted at the lower end of the range. Demand for Class II condensed skim is mostly contractual. That limited demand is expected to continue during November as Class II milk prices are set at levels above September. Class III demand may improve, but that depends more on the October BFP price which most contacts expect to be sharply lower than September's. The fluid cream market is a bit firmer this week. Multiples are often higher, but the weekly average is down more than six cents from last week. Demand has improved slightly and offerings are in better balance. Butter makers are more aggressively looking for extra cream. Cream cheese makers are also taking extra loads to fill anticipated holiday needs. Ice cream output is steady to seasonally slower. Bottled cream output is expected to pick up as Thanksgiving orders are coming in.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.2894-1.4736
DELIVERED EQUIVALENT ATLANTA	-	1.2894-1.4531 M 1.3712-1.3917
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.2689-1.3610

## PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.2500-1.5600
NORTHEAST- CLASS III - SPOT PRICES	- 1.0500-1.1800

## M I D W E S T

## WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
OCTOBER 22 - 28, 1999	34
PREVIOUS WEEK	39
COMPARABLE WEEK IN 1998	14

DESTINATIONS: KENTUCKY 13, MISSOURI 21

Class I milk sales within the region are steady to occasionally improved. A few early production runs of egg nog are occurring. Output of dips is seasonal. Besides the milk shipments reported, 19 loads of Wisconsin milk are "direct shipped" to Kentucky, 28 loads to Georgia, and 21 loads to Missouri and are pooled under a Southern federal order. At least one handler is expecting to make fewer shipments to the South next month. Spot manufacturing and Class I interest was steady to occasionally improved though volumes needed are relatively small. Spot manufacturing milk premiums were generally around \$1.50 over class or MCP. A little interest was noted in documented loads of BGH free milk for Class I use. Cream demand is light from ice cream though seasonally good from cream cheese producers. Little change is noted in plant milk intakes on a week to week basis. Further south in Missouri, milk intakes are increasing seasonally. Manufacturing schedules are seasonally active. Farm milk quality (SCC) is improving and fat and protein tests on incoming loads are climbing seasonally. Feed supplies through most of the upper portion

of the Midwest appear to be at least adequate for needs. Seasonal to above normal temperatures continue to cover the region. Dry conditions are allowing farmers to work many low wet spots without the need to go around. Good progress is being made on fall harvest and tillage operations. Some grazing is continuing although grass growth is slower.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 39.00	\$ 28.00- 34.50
REPLACEMENT HEIFER CALVES	\$250.00-345.00	\$150.00-220.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	OCT 21 - 27	PREVIOUS YEAR
SLAUGHTER COWS	\$ 30.00- 42.00	\$ 27.00- 38.50

## W E S T

Beginning November 1, the California Department of Food and Agriculture (CDFA) will adjust the Class 1 milk prices paid to farmers on a monthly basis, a change from the current bimonthly system, using a slightly lower base price for the economic formula. The monthly pricing system also aligns California's system with the monthly pricing system used by the United States Department of Agriculture (USDA). Based on hearing testimony and evidence received by the Department during a September 21 hearing on the issue, CDFA has adopted a lower Class I base price by 57 cents per hundredweight (4.9 cents per gallon) to help keep California's milk prices in alignment with farm prices in surrounding states. The November 1999 Class 1 prices in California range from \$17.09 in the north to \$17.37 in the south. The statewide average Class 1 based on production is \$17.15. The average is \$2.39 lower than October 1999 and 49 cents lower than November 1998. September pool receipts of milk in California total 2.446 billion pounds, up 14.2% from last year. Cumulative pool output through nine months of 1999 total 22.158 billion pounds, up 11.4% from the same period in 1998. The September blend price is \$14.04, at a fat test of 3.61%, which is 76 cents lower than August. The percentage of receipts used in Class 1 products is 22.41%. The September quota price is \$15.32 and the base and overbase prices are \$13.62. These prices are 82 cents lower than last month and \$2.41 lower than September 1998. Milk production levels remain strong in the Southwest. California production continues to be plentiful. The trend is higher, but some locations are not as strong in comparison to last year, because many plants were seeing increases in milk intakes starting in October 1998, following several months of poor output gains. Producing plants are generally being kept full in the state. Cream prices are a little firmer this week, following some distressed sales last week. The bump in butter prices created some additional demand as buyers assessed their needs and pricing risks. Some additional seasonal cream products are being manufactured and output will gain each week into Thanksgiving. New Mexico milk production is trending higher, mostly attributed to more cows in the state. Production per cow is slowly increasing, but expected to show seasonal growth in coming weeks. All portions of the state are working on last cuttings of the growing season following killing frost last week. Several of the cuttings this year were rained on and the quality was affected. Other grain and protein sources remain affordable and are being contracted. Milk production remains very strong in the Pacific Northwest. Temperatures are above normal. The first real moisture of the fall season started at midweek. The timing is excellent because the fall harvest is virtually complete and fall seeded crops and alfalfa fields need moisture before they go dormant for the winter. The corn silage harvest is completed. The tonnage has been excellent with most producers having to modify storage plans to be able to handle all of it. The quality is a little less than ideal because of the late spring delaying planting. Good quality dairy hay is starting to get to be harder to find. Culling rates remain low and heifer prices continue to be extremely strong with most demand going unfilled. Some areas in the northern Mountain States region have gone through the driest fall in forty years according to the National Weather Service. Rains coming in off the Pacific may end this condition over parts of the region. Dairy expansions in the region are continuing at a fast pace. So far, the likelihood of lower milk prices this winter has not put a damper on expansion plans.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 10/28/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are mostly unchanged on a generally steady market. Some producers lowered prices in order to compete with lower priced Western product. Other producers increased prices as seasonal interest picks up for the holiday baking season. Movement is best on regular commitments. Production is increasing with the heavy milk supplies. Inventories are beginning to run long and continue to build. Offers of non-kosher product are available at prices below the range. High heat product is being traded 2-7 cents above the average. Production of high heat is generally on an as needed basis. Grade A product is available at the higher end of the range. Mostly prices for the 43rd week in 1998 were 1.0900-1.1000.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0250 - 1.0650 MOSTLY: 1.0300 - 1.0550

**DRY BUTTERMILK - CENTRAL**

Prices remain unchanged on a steady market. Trading is very light. Producers continue to move condensed instead of drying where possible. Offers of fresh product are reportedly available at the lower end of the range. Some buyers are resisting current prices as their inventories suffice current needs. Producer stocks are generally in balance to instances tight. Traders continue to speculate that prices may move lower. Prices for the 43rd week in 1998 were .9600-1.0700.

BUTTERMILK: .7700 - .8500

**DRY WHEY - CENTRAL**

Prices are unchanged to lower and the market tone remains weak. Some producers continue to report prices at the higher end of the range for brand specific product. Sales to Mexico, Brazil, and Canada are alleviating some of the excess supplies. Domestic demand is fair with regular commitments clearing product the best. Multiple and single load shipments are available at the lower end of the range. Buyers are finding that sellers are very competitive in negotiating a sale. Offers are plentiful. Inventories are in balance to instances long. Production is steady to lower as some cheese facilities reduce output. Mostly prices for the 43rd week in 1998 were .2400-.2500.

NONHYGROSCOPIC: .1725 - .2050 MOSTLY: .1800 - .1850

**ANIMAL FEED WHEY - CENTRAL**

Prices are lower on milk replacer and roller ground and unchanged on the balance. The market tone remains steady to weak. Plenty of sub-standard milk replacer product is available below the range and is difficult to clear. Off grade delactose is available at 6-8 cents below the average. Demand is seasonally light. September veal production totaled 20.0 million pounds, 7% below the previous record low for September set a year ago. Pork production totaled 1.62 billion pounds, up 2% from the previous record high for September set last year. The current veal market is steady to weak for the light offerings. Central early weaned pigs are trading \$2 higher for the moderate demand. Milk replacer prices for the 43rd week in 1998 were .2000-.2175.

MILK REPLACER: .1200 - .1850  
STANDARD: TFEWR  
ROLLER GROUND: .1775 - .2000  
DELACTOSE (Min. 20% protein): .2600 - .3150

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged to higher on a steady market. Some new contracts for the 4th quarter are being reported as producers finalize negotiations in Asia. Demand is generally good from domestic and export markets. Off grade product is often difficult to find. Some feed interest on Extra Grade is being diverted to cheaper permeate. Inventories are in balance to tight on full production schedules. Some producers are turning down business as they are unable to supply product beyond regular commitments. Producers are not anticipating any changes on the market during the remainder of the 4th quarter. Mostly prices for the 43rd week in 1998 were .1700-.1800.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1700 - .2450 MOSTLY: .1900 - .2000

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged on a generally steady market. The condensed market is tight at prices 3-6 cents under the average. Producers of dry product are often unable to meet the condensed demand as cooling and sanitation factors cannot be addressed in changing the output. Demand is good on condensed product as process cheese suppliers prepare for the holidays and feed manufacturers prepare for the spring kid and lamb season. Dry product demand is fair. Export movement into China and Mexico is clearing some product, yet inventories on the West Coast continue to build. Some 80% WPC is moving into feed channels from domestic sources. Plenty of low protein and aged product is available at 35-40 cents, f.o.b. Mostly prices for the 43rd week in 1998 were .6100-.6150.

EXTRA GRADE 34% PROTEIN: .4050 - .4850 MOSTLY: .4300 - .4600

**NONFAT DRY MILK - WEST**

Low/medium heat NDM prices are trending slightly lower. The market tone is weakening. More offerings are becoming available from more suppliers than in recent weeks. Drying schedules are strong seasonally to process milk within the region. Some producers are in better shape with production contracted and stock levels in good shape. Others are seeing production higher than projections and have NDM to offer. Stock levels are light to moderate. High heat NDM prices are lower in light trading. Production is lighter as producers both want plants to run low heat to process as much milk as possible and they only want to make high heat to order. During the week of October 18 - 22, CCC net purchases were 2.4 million pounds of nonfortified NDM from Western producers.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0300 MOSTLY: 1.0100 - 1.0250  
HIGH HEAT: 1.0200 - 1.0450

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are slightly lower within the range. The market tone is weaker. Buying interest is light and more powder is being offered than in recent weeks as butter churning is seasonally active. Demand from seasonal dry buttermilk buyers is not materializing as several contacts would expect. Stock levels range from light to moderate and are building slightly.

BUTTERMILK: .7100 - .7900 MOSTLY: .7200 - .7500

**DRY WHEY - WEST**

Prices are generally steady for Western whey. Demand is rated as good enough to clear offerings in an orderly fashion. Export sales are stable at good levels. Domestic buyers are taking steady volumes, but are looking at the price relationship between the West and Central regions. Some Western buyers are going to the Central region to investigate if purchases from that region will work for them. Inventories in the West are generally balanced. Some manufacturers note a little less product on hand as some milk has moved around to maximize returns. Offerings of feed whey in the West remain heavy, especially for this time of year.

NONHYGROSCOPIC: .1850 - .2200 MOSTLY: .1975 - .2050

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	POUNDS
October 22	\$1.0131	10,653,784
October 15	\$1.0143	12,238,802

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are steady to lower for low heat NDM; mostly steady for high heat. The market tone is showing more signs of weakness. Production levels are up as milk supplies are starting to increase in the Middle Atlantic and Southeastern areas. Condensed skim sales are very slow which forces more producers to dry a little more than they expected for this time of year. The October BFP is expected to be sharply lower than September which may help boost sales of Class III condensed skim and ease drying time. Some producers are making high heat powder. Stocks range from balanced to building. Demand ranges from slow to fairly good. Interest is quite brisk for high heat, while demand for low heat is growing, particularly as prices drop. Some producers are offering multi-load discounts to keep powder moving. New DEIP bids are being accepted and exporters are out looking to make purchases to cover their needs.

Includes EXTRA GRADE AND GRADE A

**F.O.B. NORTHEAST:**

LOW/MEDIUM HEAT: 1.0250 - 1.0600 MOSTLY: 1.0300 - 1.0400  
HIGH HEAT: 1.0800 - 1.1100 MOSTLY: 1.0800 - 1.0900

**DELVD SOUTHEAST:**

ALL HEATS: 1.0500 - 1.1300

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged and the market tone is steady. Production levels remain light as churning activity is light to moderate and sales of condensed buttermilk are holding at good levels. Most Eastern producers have little powder on hand. Some only have enough to fill LTL sales. Spot interest is steady to instances improved.

F.O.B. NORTHEAST: .8100 - .8400  
DELVD SOUTHEAST: .8200 - .8450

**DRY WHOLE MILK - NATIONAL**

Prices are unchanged to lower within the range. The market tone is unchanged. Some producers are coming to the end of existing contracts. Some Western producers are sticking to making NDM as a way to increase plant throughput. Elsewhere, output is steady to lighter. Producer stocks are closely balanced and spot interest is slow to fair.

F.O.B. PRODUCING PLANT: 1.2500 - 1.7450

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1999 THROUGH OCTOBER 25, 1999  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	54,836	MT (120,891,446 LBS)
CHANGE	--	503	MT (1,108,914 LBS)
WHOLE MILK POWDER	--	2,656	MT (5,855,418 LBS)
CHANGE	--	500	MT (1,102,300 LBS)
CHEESE	--	948	MT (2,089,961 LBS)
BUTTERFAT	--	693	MT (1,527,788 LBS)
CHANGE	--	693	MT (1,527,788 LBS)

Allocations for the DEIP year beginning July 1, 1999, are: Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT; Cheese - 3,190 MT; Butterfat - 25,475 MT. These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady to lower. The market tone is showing signs of weakness. Product is moving, but competition from producers in other regions is having an impact on local producers' asking prices. Domestic and export demand are steady. However, as prices move lower, export interest improves. Also, some purchases are being attributed to buyers replenishing stocks after using up their inventories. Reports of financial difficulties in Brazil are affecting sales into that country. Domestic buyers are taking committed volumes, but spot purchases are seldom better than fair. Lower prices are helping demand, but many buyers are staying very current. Cheese and whey production are unchanged. Producers report continued good demand for cheese and output is holding up very well.

F.O.B. NORTHEAST: EXTRA GRADE .1850 - .1950  
USPH GRADE A .2100 - .2225  
DELVD SOUTHEAST: .2050 - .2350

**ANIMAL FEED WHEY - NORTHEAST**

The market tone remains weak. Spot demand for animal feed quality whey remains very slow. Producers report readily available stocks of "off grade" powder and little buyer interest. Traders also note that feed makers and users are showing little spot interest for whey.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

**EVAPORATED MILK - NATIONAL**

Prices are unchanged and the market tone is steady. Production levels are steady. Some producers are making a little more evaporated milk now and into November as they anticipate lower milk prices for both October and November. Demand is seasonally improved as retailers stock up for the upcoming holiday season. The Kansas City Commodity office announced the purchase of canned evaporated milk under EVD-1, invitations 600 and 601. Under invitation 600, they purchased 1,578,960 pounds at \$.4664-.5979 per pound for delivery in November and under invitation 601, they purchased 1,138,320 pounds at \$.4616 - .5136 per pound for delivery in December.

EDITOR'S NOTE: Last week, we inadvertently republished the announcement for invitations 600 and 601. We are sorry for any inconvenience this may have caused.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$24.68 - 33.00  
Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Casein prices are unchanged for both types. The market tone is steady to firmer. Some additional price increases are beginning to be negotiated for upcoming contracts. Current contracts continue to be delivered on a timely basis. Both types are available for spot sales, but at often higher asking prices. Demand is noted as light for spot needs. Supplies are in place to service existing contract needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.7500 - 1.9000  
ACID: 1.7800 - 1.9000

**COFFEE, SUGAR & COCOA EXCHANGE (A subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES**Selected settling prices, (open interest), and volume 1/

Month	10/13	10/14	10/15	10/18	10/19	10/20	10/21	10/22	10/25	10/26
<b>CSCE/NYBT - BFP -- Dollars per cwt.</b>										
OCT 99	12.18 (262) 0	12.25 (263) 9	12.20 (263) 6	12.20 (263) 10	12.10 (263) 0	12.03 (263) 0	12.00 (263) 6	12.00 (263) 0	12.10 (257) 0	12.15 (257) 0
NOV 99	11.65 (175) 0	12.05 (177) 6	11.65 (178) 1	11.70 (178) 1	11.58 (176) 1	11.43 (176) 1	11.40 (176) 0	11.35 (176) 0	11.35 (173) 0	11.35 (173) 0
DEC 99	11.70 (139) 4	12.05 (137) 17	11.60 (138) 1	11.70 (139) 1	11.50 (139) 2	11.45 (139) 0	11.40 (139) 0	11.40 (139) 0	11.45 (131) 0	11.45 (131) 0
JAN 00	11.70 (52) 0	12.05 (52) 3	11.65 (52) 2	11.65 (52) 0	11.70 (52) 0	11.65 (52) 0	11.65 (52) 0	11.80 (52) 0	11.80 (49) 0	11.80 (49) 0
FEB 00	11.70 (24) 2	11.80 (24) 0	11.60 (27) 3	11.60 (27) 0	11.70 (27) 0	11.70 (27) 0	11.70 (27) 0	11.75 (27) 0	11.75 (27) 0	11.80 (27) 0
MAR 00	11.60 (10) 0	11.65 (10) 0	11.65 (10) 0	11.65 (11) 1	11.70 (11) 0	11.70 (11) 0	11.70 (11) 0	11.70 (11) 0	11.70 (11) 0	11.80 (11) 0
APR 00	11.30 (7) 0	11.40 (7) 0	11.40 (8) 1	11.60 (8) 0	11.60 (9) 1	11.60 (9) 0	11.65 (9) 0	11.65 (9) 0	11.65 (9) 0	11.70 (9) 0
MAY 00	11.25 (9) 1	11.45 (9) 0	11.45 (10) 1	11.60 (11) 1	11.60 (11) 0	11.60 (11) 0	11.65 (11) 0	11.70 (11) 0	11.70 (11) 0	11.70 (11) 0
JUN 00	11.70 (3) 0	11.85 (3) 0	11.80 (3) 0	11.80 (4) 1	11.90 (4) 0	11.90 (4) 0	11.90 (4) 0	11.90 (4) 0	11.90 (4) 0	11.90 (4) 0
JUL 00	12.50 (2) 0	12.50 (2) 0	12.50 (2) 0	12.33 (3) 1	12.35 (3) 0	12.40 (3) 0	12.40 (3) 0	12.40 (3) 0	12.40 (3) 0	12.40 (3) 0

**CME - BUTTER -- Cents per pound**

OCT 99	107.00 (45) 3	107.00 (45) 0	113.50 (46) 6	108.50 (45) 0	100.50 (44) 0	96.00				
FEB 00	106.00 (16) 0	106.00 (16) 0	106.00 (16) 0	106.00 (16) 0	106.00 (16) 0	105.00 (18) 3	105.00 (18) 0	105.00 (18) 0	105.00 (18) 0	102.00 (20) 2
MAR 00	109.00 (9) 1	109.00 (9) 0	107.00 (9) 1	106.90 (9) 2	106.90 (9) 0	103.00 (15) 6	105.00 (17) 4	105.00 (17) 0	105.00 (18) 1	103.50 (19) 1
MAY 00	111.00 (8) 0	111.00 (8) 0	111.00 (8) 0	111.00 (8) 1	111.00 (8) 0	108.00 (17) 9	108.00 (17) 0	108.50 (17) 0	108.50 (17) 0	108.50 (17) 0

**CME - BFP -- Dollars per cwt.**

OCT 99	12.17 (1224) 37	12.29 (1195) 54	12.31 (1184) 39	12.21 (1175) 16	12.15 (1170) 13	12.06 (1156) 11	12.04 (1138) 16	12.04 (1137) 11	12.19 (1151) 93	12.25 (1158) 57
NOV 99	11.65 (1028) 90	12.10 (1014) 51	11.75 (989) 52	11.72 (1002) 23	11.55 (1009) 28	11.48 (1009) 10	11.36 (1001) 8	11.35 (999) 10	11.44 (999) 0	11.44 (999) 6
DEC 99	11.65 (844) 55	12.00 (850) 40	11.65 (850) 39	11.65 (857) 7	11.52 (855) 38	11.51 (855) 11	11.40 (857) 11	11.40 (857) 2	11.45 (857) 0	11.50 (857) 0
JAN 00	11.75 (427) 12	12.00 (430) 8	11.65 (468) 53	11.70 (470) 7	11.70 (481) 13	11.65 (481) 6	11.63 (481) 4	11.69 (484) 7	11.69 (484) 0	11.84 (487) 10
FEB 00	11.75 (230) 12	11.83 (230) 4	11.65 (239) 39	11.65 (245) 11	11.70 (257) 15	11.65 (261) 6	11.65 (264) 3	11.74 (266) 3	11.74 (266) 0	11.80 (277) 11
MAR 00	11.51 (186) 3	11.75 (185) 1	11.65 (190) 5	11.65 (193) 3	11.70 (204) 12	11.67 (207) 6	11.71 (210) 5	11.70 (210) 1	11.70 (211) 1	11.80 (218) 12
APR 00	11.36 (147) 0	11.52 (147) 0	11.60 (151) 5	11.60 (151) 1	11.70 (162) 12	11.70 (162) 0	11.75 (165) 3	11.75 (166) 2	11.75 (168) 4	11.80 (172) 5
MAY 00	11.40 (113) 6	11.56 (113) 0	11.60 (116) 6	11.63 (116) 2	11.65 (125) 10	11.65 (125) 0	11.67 (128) 3	11.70 (134) 6	11.70 (136) 2	11.80 (140) 5
JUN 00	11.80 (84) 0	11.81 (84) 0	11.81 (95) 12	11.81 (95) 0	11.90 (96) 1	11.80 (97) 1	11.80 (97) 0	11.80 (97) 0	11.80 (97) 0	11.80 (99) 2
JUL 00	12.37 (31) 0	12.37 (31) 0	12.37 (35) 4	12.37 (35) 0	12.40 (37) 5	12.40 (42) 5	12.40 (43) 1	12.40 (44) 0	12.40 (44) 0	12.40 (44) 0
AUG 00	12.61 (22) 2	12.61 (22) 0	12.65 (27) 5	12.65 (27) 0	12.69 (27) 2	12.70 (29) 4	12.70 (29) 0	12.70 (29) 0	12.70 (29) 0	12.70 (29) 0

**CME - CHEDDAR CHEESE -- Cents per pound**

DEC 99	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0	154.00 (0) 0
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1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.

For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

**NOTE:** The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered October 18 - 29, 1999

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

**WESTERN AND EASTERN EUROPE**

**OVERVIEW: WESTERN EUROPE:** Milk supplies are tight and nearing the annual low point in the production cycle. Strong demand for consumer products and cheese for both current use and for anticipated holiday needs is limiting the milk volumes available for production of powder and other products for export. With a reduced age on many cheese varieties, some traders anticipate milk demand from cheese makers to remain stronger for a longer period than normal as they try to rebuild inventory. A stronger US dollar and reduced milk intakes have helped to firm up prices.

**BUTTER/BUTTEROIL:** The butter market is steady to mostly firm. Fresh butter is occasionally commanding a \$50 premium compared to butter coming out of storage. Supplies are tight and being supplemented with stocks coming out of storage. Butteroil prices are nominal due to supply limitations.

82% BUTTERFAT:	1,450 - 1,650
99% BUTTERFAT:	1,650 - 1,900

**SKIM MILK POWDER (SMP):** The skim milk market is steady to firm. Stocks are tight as current production is limited. Some delivery delays are occurring as milk supplies available for drying remain seasonally tight.

1.25% BUTTERFAT:	1,400 - 1,430
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**WHOLE MILK POWDER (WMP):** The market is steady to firm. Current production is limited as milk available for drying is limited. Stocks available for current shipment are very light.

26% BUTTERFAT:	1,550 - 1,650
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**SWEET WHEY POWDER:** The whey market is steady to firm. Tight supplies of skim milk has some feed users using additional whey volumes as a partial replacement in some blends. Production is steady to lower.

NONHYGROSCOPIC:	500 - 580
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**OVERVIEW: EASTERNEUROPE:** Dry summer weather in some counties within the region has reduced milk production beyond normal seasonal declines. In Poland, current milk receipts are just going to try to fill orders for regular consumer products with essentially nothing left over for export products. Prices on most dairy products have firmed up accordingly.

**OCEANIA**

**OVERVIEW:** Milk production is approaching the annual spring peak in the region. Australian plant operators are expecting the peak to occur within the next few weeks. Overall milk intakes for the first 2 months of the 1999/2000 year (July-August) are up 10% in Australia. Victoria, the main milk producing region is up 15%. Overall offerings

of dairy products are increasing seasonally. Improved interest in parts of Asia, Latin America, and Russia may help provide markets for the increased output. Australian manufacturers are shifting some milk supplies away from butter/powder over to cheese and whole milk powder and also local consumer products. Seasonal declines in milk production in the EU are reducing that source of competition for 'fresh' dairy products. Market prices are mostly steady. New Zealand milk intakes are expected to be up 4 - 10% from the weather reduced year ago levels as well as the stronger season 2 years ago. Plants are trying to make items that provide the highest milk throughput. Current stocks are building but traders are not concerned with levels at this time. While current production is increasing, somewhat improved demand from many recently depressed product markets and reduced competition from other suppliers if not providing a firmness to the market, is at least adding steadiness to prices.

**BUTTER:** Butter output is near peak production levels. Stocks are building seasonally. The market tone is steady to fully steady. Sales are improving as buyers place orders for late year holidays and year end needs. Inquiries from and sales to Russia continue, but volumes are not sizeable at this time.

82% BUTTERFAT:	1,200 - 1,250
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**CHEDDAR CHEESE:** The market tone is steady to fully steady. Cheese production is seasonally active. Inventories are accumulating, but traders are not seeing the levels as a problem at this time.

39% MAXIMUM MOISTURE:	1,650 - 1,750
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**SKIM MILK POWDER (SMP):** The market is steadier. Drying is seasonally active and stocks are growing. Current stocks are not a concern at this time. Seasonal declines in milk production in the EU are reducing the competition from that part of the world.

1.25% BUTTERFAT:	1,325 - 1,400
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**WHOLE MILK POWDER (WMP):** The market is steady. Production continues to vary as plant operators are trying to maximize the volumes of milk run through the plant, which is limiting whole milk production at this time. Supplies are growing, but they are not a concern at this time.

26% BUTTERFAT:	1,400 - 1,500
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**Exchange rates for selected foreign currencies: October 26, 1999**

.4808 Dutch Guilder	.5417 German Mark
.1615 French Franc	.5134 New Zealand Dollar
.1037 Mexican Peso	.6503 Australian Dollar
1.6526 British Pound	.0095 Japanese Yen
.2404 Polish Zloty	1.0595 Euro

To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.1037) = 9.6432$ . That is 1 US Dollar equals 9.6432 Mexican Pesos.

Source: *Wall Street Journal*



CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

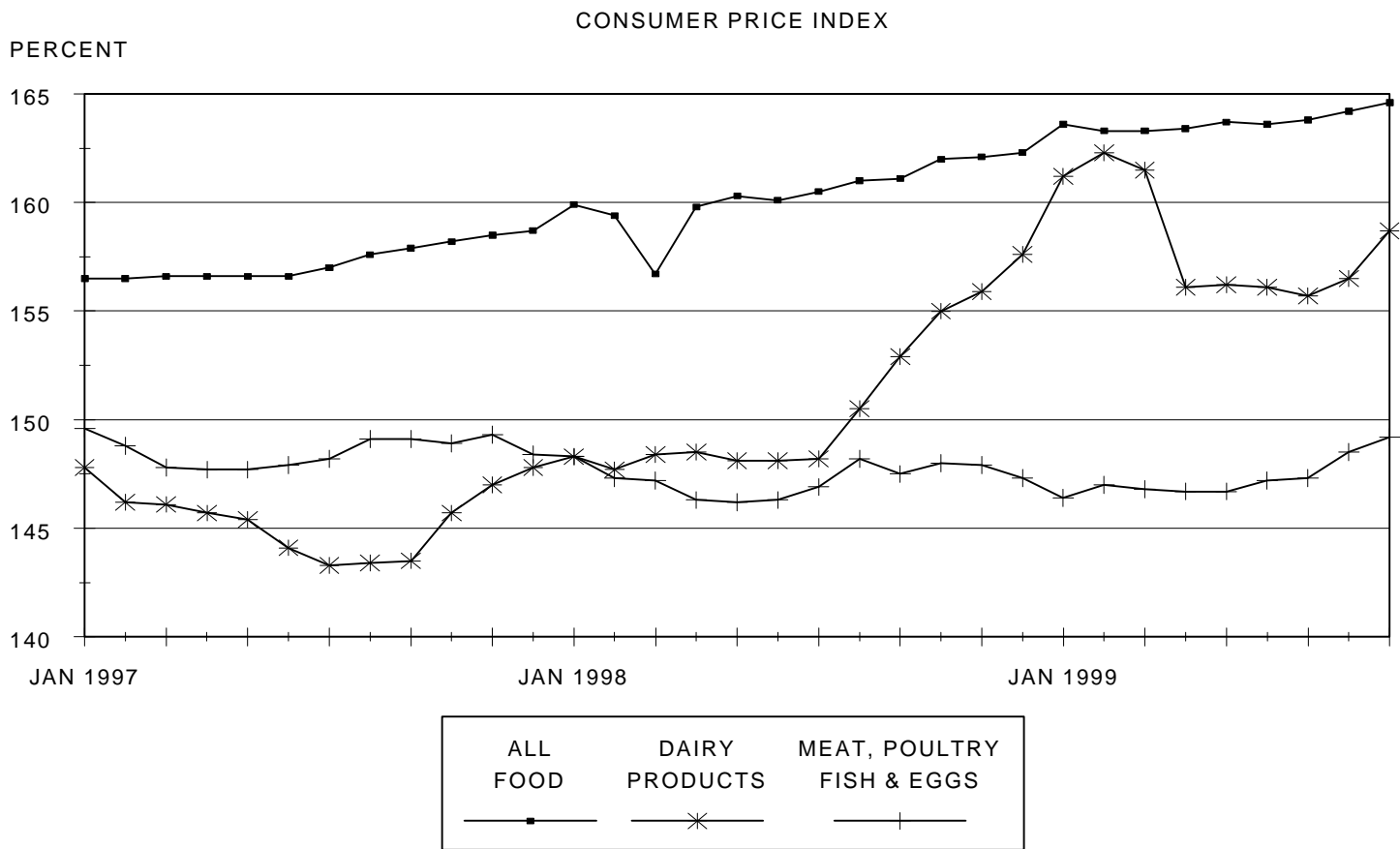
Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
JUL 1999	163.8	2.1	155.7	5.1	148.7	3.6	159.4	5.4	147.7	-2.9	147.3	0.3
AUG 1999	164.2	2.0	156.5	4.0	149.5	1.3	162.7	6.5	148.7	-7.1	148.5	0.2
SEP 1999	164.6	2.2	158.7	3.8	152.8	1.3	164.6	6.8	144.9	-17.9	149.2	1.2
<b>U.S. City Average Retail Prices</b>												
Month	Whole Milk <u>4/</u>		Lowfat Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	Dollars											
JULY	2.706	2.628	2.628	2.540	2.670	2.879	3.736	3.636	3.603	3.440	3.238	3.133
AUGUST	2.719	2.717	2.624	2.569	2.722	2.985	3.866	3.479	3.763	3.575	3.250	3.147
SEPTEMBER	2.794	2.757	2.725	2.622	2.628	3.387	3.884	3.617	3.808	3.587	3.280	3.184

NA = Not available. 1/ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

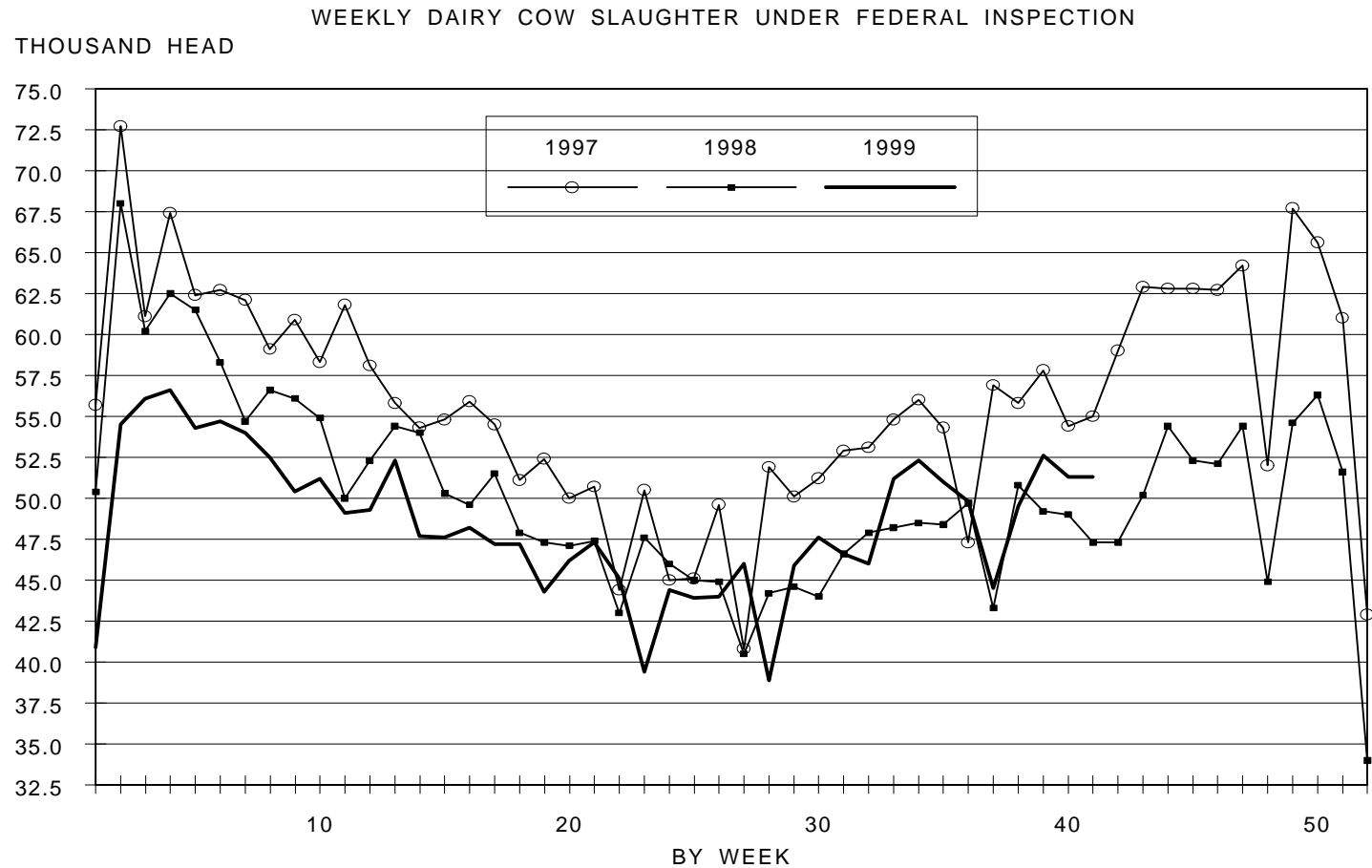
COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS-JUNE-AUGUST AND YEAR-TO-DATE 1998-99 1/

Item	Jun.-Aug. 1998	Percent change <u>4/</u>	Jun.-Aug. 1999	Percent change <u>4/</u>	Jan.-Aug. 1998	Percent change <u>4/</u>	Jan.-Aug. 1999	Percent change <u>4/</u>
	Million Pounds							
<b><u>MILK</u></b>								
Production	39,400	-0.5	40,395	2.5	106,093	0.4	109,310	3.0
Marketings	39,057	-0.5	40,067	2.6	105,187	0.4	108,445	3.1
Beginning Commercial Stocks <u>2/</u>	6,792	-10.0	9,086	33.8	4,889	3.9	5,274	7.9
Imports <u>2/</u>	1,548	142.3	1,235	-20.2	2,834	78.7	3,023	6.7
Total Supply <u>3/</u>	47,397	-0.1	50,388	6.3	112,910	1.7	116,742	3.4
Ending Commercial Stocks <u>2/</u>	6,173	-9.4	8,349	35.3	6,173	-9.4	8,349	35.3
Net Removals <u>2/</u>	43	-88.0	63	46.5	302	-49.3	191	-36.8
Commercial Disappearance <u>3/</u>	41,181	2.3	41,976	1.9	106,435	2.7	108,202	1.7
<b><u>SELECTED PRODUCTS <u>5/</u></u></b>								
Butter	263.7	4.5	285.6	8.3	745.7	3.6	747.8	0.3
American Cheese	833.4	1.5	892.3	7.1	2,224.9	2.7	2,341.2	5.2
Other Cheese	1,092.5	1.2	1,155.8	5.8	2,852.0	1.9	2,979.8	4.5
Nonfat Dry Milk	207.8	-9.2	215.0	3.5	572.5	-9.9	547.6	-4.3
Fluid Milk Products <u>6/</u>	13,388.6	1.1	13,512.5	0.9	36,373.0	-0.5	36,749.4	1.0

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through ERS AutoFAX. To request a document, dial (202) 694-5700 and enter document number 11521 when prompted.



FROM: U.S. DEPT OF LABOR, BLS "PRODUCER PRICE INDEX"  
1982-1984=100



CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OCTOBER 25 - 29, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 10/22/99	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	1,243,380	1,124,096	119,284	4,783,508	103,384	-0-	42,046,000
Fortified	-0-	132,256	-132,256	528,992	-0-	-0-	-0-
<b>TOTAL</b>	1,243,380	1,256,352	-12,972	5,312,500	103,384	-0-	42,046,000

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 25 - 29, 1999 =	0.0	-0.2	COMPARABLE WEEK IN 1998 =	0.0	1.2
CUMULATIVE SINCE OCTOBER 1, 1999 =	1.2	61.8	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	1.2
CUMULATIVE JANUARY 1 - OCTOBER 29, 1999 =	42.1	2,226.4	COMPARABLE CALENDAR YEAR 1998 =	25.0	1,321.4

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF OCTOBER 25 - 29, 1999 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MI DWEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	119,284	-132,256
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MI DWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	5,312,500	103,384	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
<b>TOTAL</b>	-0-	-0-	-0-	-0-	5,312,500	103,384	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 10/09/99 & Comparable Week 1998 1/2/

Regions*												U.S. TOTAL		% DAIRY OF ALL									
												1	2	3	4	5	6	7	8	9	10	WEEK : SINCE JAN 1	WEEK : SINCE JAN 1
1999-Dairy cows	HD (000)	0.2	1.1	7.0	5.7	18.4	2.4	3.1	0.6	10.4	2.4	51.3	1,992.9	44.9	46.1								
1998-Dairy cows	HD (000)	0.2	1.4	6.7	5.2	16.6	2.9	2.6	0.9	8.3	2.5	47.3	2,063.9	44.7	45.4								
1999-All cows	HD (000)	0.3	1.3	9.8	14.5	25.3	19.1	19.3	3.9	13.6	7.2	114.2	4,324.0										
1998-All cows	HD (000)	0.3	1.4	9.2	15.6	23.2	19.7	15.2	4.7	10.6	5.9	105.7	4,543.0										

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CCC MARKET PRICE PURCHASE 10/21AMERICAN/SKIM MILK CHEESE BLEND

DECEMBER DELIVERY

AMERICAN/SKIM SLICES 79,200 \$1.50000

BASIC FORMULA PRICE (BFP), MAY 1995\* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26			